



The morning after Owens's speech, I headed out of the Waldorf to the offices of Mossack Fonseca. I had no expectation of meeting with anyone at the firm, as I'd made numerous requests for an audience and had been politely but firmly rebuffed. "We have decided not to participate in this

Case 2:14-cv-00492-BEB-VCF Document 66-1 Filed 12/04/14 Page 2 of 11

interview," spokeswoman Lexa de Wittgreen wrote me in a brush-off email, which at least demonstrated that Mossack Fonseca is capable of performing due diligence, on journalists if not clients.

I was using a hotel map and soon got lost in Panama City's crowded business district, which resembles a miniature Hong Kong in tropical tones. As I looked around to orient myself, I saw a young man dressed in dark slacks and a green pinstripe shirt stride out of an office building—Edificio Omega—and open the driver's door of a black Mitsubishi Sportero pickup.

"It's not that close," he said in flawless English when I asked him if he knew how I could get to Mossack Fonseca's building. "Do you have an appointment with them? Because I do similar work and might be able to help you." He pulled out a business card and handed it to me with an ear-to-ear smile.

By coincidence, he turned out to be Alejandro Watson Jr. of Owens & Watson, where Ramses Owens is a name partner. "I work right over there," he said, pointing toward the firm's second-floor office. "I'm late for a meeting, but I can see you later today, or I can take you in now and introduce you to one of my colleagues."

Before my trip, I'd wondered if I should contact a local law firm to test how easy it would be to set up a shell company. This was too good an opportunity to pass up.

"I'm down from the States for a few days looking at real estate," I ad-libbed as traffic whizzed by and car horns blared. "I need to set up a company here to make the purchase. What sort of information would you need?"

"All I need to have is your passport, a driver's license, something that shows your home address, and a letter of reference from any bank," Watson said. "We don't push you for information about your business. We just want to help you do business so you continue to work with us."

"Will my name appear anywhere in the paperwork?" I asked.

I thought my bluntness might trigger at least mild concern on his part—after all, it was the very same promise of anonymity that had attracted all those dodgy clients to Niue when Watson's current boss was employed by Mossack Fonseca. But he remained as cheery and eager as a Mister Softee

driver dispensing soft-serve cones. "You have a FATCA problem," Watson said with a smile and a knowing look. "We can work that out. I might recommend you set up a trust, because that can be legally owned by someone else entirely."

I asked whether I'd be able to open a bank account for my shell firm so I could access my money. After all, there's no point in hiding cash offshore if you can't spend it.

"Absolutely," Watson said, enthusiastically. He reached into the Sportero and pulled out a brochure from a small stack jammed between the two front seats. "We have a global banking network," he said, and pointed to a page listing a few dozen financial institutions his firm worked with.

The network included small banks in Panama, the Cayman Islands, Monaco, and Andorra, and brand-name players like HSBC and the diamond smugglers at UBS. A US Senate committee report described the former as a major conduit for "drug kingpins and rogue nations," and last year the bank signed a \$1.92 billion settlement with the Justice Department after admitting to helping launder millions of dollars through shell firms for Colombian and Mexican cartels. There was even a US component to Owens & Watson's network: Helm Bank in Miami. In 2012, US regulators hit Helm with a consent order for multiple violations of the Bank Secrecy Act and anti-money-laundering rules.

This was a list that would certainly inspire confidence, at least if I were a crook looking to hide my money from the IRS or law enforcement.

The whole process would take only a few days, Watson said, and my costs would be negligible: About \$1,200 to incorporate my shell, \$300 to cover government fees, and a few hundred dollars more for Owens & Watson to provide nominee directors, if necessary. If I wanted to buy a shelf company—the aged variety—it would cost me a little extra.

"And my name won't appear anywhere, right?" I asked, deciding I might as well push as far as possible.

"No, no, no," Watson exclaimed. "That's not a problem."



Soon after my conversation with Watson I found the offices of Mossack Fonseca, which occupies the top three floors of a four-story glass building that has a dental clinic at ground level. Though I'd hoped to get inside, I abandoned the idea when I spotted a guard at the entrance, vetting all the building's visitors.

At least, I thought, I'd take a picture of the office, whose glass exterior reflected the city's landmark Revolution Tower, a hideous corkscrew-shaped office building. But Mossack Fonseca apparently guards its headquarters as zealously as it protects its clients' identities. "He's taking a picture!" a woman, who was returning to the building with a restaurant takeout bag, shouted when she spotted me snapping a photo with my iPhone. She screamed again and pointed at me. "He's taking a picture!"

Next, I decided to try my luck in Las Vegas. Mossack Fonseca describes Nevada as "one of the best jurisdictions" in the United States to set up a company because of the state's "versatility, low costs, and fast service." America is a great place for Mossack Fonseca to do business since it's the second-easiest country to register a dummy company—behind Kenya—according to a DC group called Global Financial Integrity. And crooks love registering companies here, too, because

owning a US company provides them with a phony gloss of respectability that can help divert attention from their criminal deeds, Heather Lowe, the group's director of government affairs, told me.

Since Mossack Fonseca began offering services in the state more than a decade ago, it has used a closely linked local firm called MF Corporate Services to register more than 1,000 Nevada companies, most of them managed from offshore destinations like Geneva, Bangkok, and the British Virgin Islands, according to records on file with the secretary of state. Under Nevada law the only names that must appear on a shell firm's public records are those of a resident agent and a "manager," and neither has to be a human being. The resident agent is typically the company that registers the shell firm, and the manager can be yet another anonymous company. That makes it virtually impossible to discover who actually controls a Nevada shell unless law enforcement or the courts compel disclosure.

Technically, MF Corporate Services is independent of Mossack Fonseca. But in practice, court papers, incorporation records, and other confidential documents show it functions as Mossack Fonseca's local branch office, with its main employee reporting directly to Panama City. This sort of bogus separation is a tactic employed by many big shell-firm incorporators, because it allows the parent company to disavow any connection to its local offices if the shit hits the fan from a legal standpoint. It's sort of like how Walmart might operate in Bangladesh, distancing itself from sweatshops by long and complex supply chains. (Like Walmart, Mossack Fonseca has never been directly prosecuted for the actions of its affiliates.) "These are seamless, vertically integrated top-down organizations until the minute that a cop or investigator comes along," says Jack Blum, the money-laundering expert. "Then they disintegrate into a series of unconnected entities, and everyone swears they don't know anything about anyone else in the system. It's like a jigsaw puzzle that's assembled but suddenly falls apart when someone starts investigating."

Indeed, this is exactly how Mossack Fonseca has replied when questioned about shady activities it's been connected to in Las Vegas. While there's no way to know precisely who's behind the vast majority of dummy companies the firm has been helping to create there, an ongoing criminal investigation in Argentina and a related case before the United States District Court of Nevada involving the oligarch Lázaro Báez offer an idea. The investigation and court records allege that Báez is the secret owner of more than 100 shell firms that Mossack Fonseca has helped establish in Nevada. All of them were managed by Aldyne Ltd., an anonymous company that Mossack Fonseca registered in the Seychelles Islands, according to prosecutors. (Mossack Fonseca has

not been charged to date in either Argentina or Nevada, but one of its operatives in Las Vegas has been deposed in the legal case, and the district court has told the firm to turn over records related to the Báez shell companies, an order with which it has refused to fully comply.)

A former bank teller, Báez built a vast business empire through contracts awarded by his close friends Cristina and Néstor Kirchner, the current and previous presidents of Argentina, respectively, and their political allies in his home province, according to news reports and investigators. Báez was so bereft when his patron Néstor died, in 2010, that he erected a three-story mausoleum to house his remains. Prosecutors allege that the Nevada shells were part of a network that Báez used to move offshore more than \$65 million in funds diverted from public infrastructure projects.

The Báez-linked firms in Nevada were registered by MF Corporate Services, whose assistant manager, Patricia Amunategui, was asked by Mossack Fonseca headquarters to also serve as secretary of Aldyne Ltd., according to a source close to the issue. When questioned about the illegal activities of past client firms, Mossack Fonseca's reply was to remind me in an email that "registered agents are not liable in any way for the business transactions or any other dealings of the companies they incorporate." For her part, Amunategui—a native Chilean who previously worked as a casino cocktail waitress and, based on her Facebook page, enjoys yoga, spiritualism, and hiking and admires the Dalai Lama, the Tea Party, and former Chilean dictator Augusto Pinochet—has claimed that MF Corporate Services does "not have, nor have we ever had, any kind of relationship with Lázaro Báez." She also claims she has no employment relationship with Mossack Fonseca, even though a few years ago she provided a testimonial used in a University of Nevada, Las Vegas, catalogue that said right after she graduated from its paralegal program she "landed a great job as the vice president of Mossack Fonseca, an international law firm." (She claims she was misquoted.) Amunategui was the person I most hoped to meet when I flew to Las Vegas in early November.

VOICES



"Your car is in space B-15," the twentysomething woman at Avis told me after I'd landed at McCarran International Airport. "*B* like in brothel."

Her face was expressionless, so I wasn't sure whether to be insulted or merely amused. But I'd been traveling all day from Washington, on two long flights in economy class, so at that point I didn't really care. It was good to have landed in Vegas, even if the airport is named for Pat McCarran, the casino-loving, Jew-hating, racist politician whom the corrupt Nevada senator in *The Godfather: Part II* was allegedly modeled on.

Nevada had become the headquarters for a variety of Ponzi schemers, corporate crooks, pump-and-dump penny-stock promoters, internet swindlers, and tax evaders.

In 2001, the Nevada legislature considered a bill that would encourage companies to incorporate in the state by shielding them from disclosure and liability laws. "We are holding up a sign that says, 'Sleaze balls and rip-off artists welcome here,'" then state senator Dina Titus said during debate on the bill, whose supporters argued that it would gin up badly needed revenues.

Titus, who now serves in the US House of Representatives, rather bizarrely proceeded to vote "Yes" on the bill, and her prophecy duly unfolded. Within a few years Nevada had become the headquarters for a variety of Ponzi schemers, corporate crooks, pump-and-dump penny-stock promoters, internet swindlers, and tax evaders. Among them were Donald McGhan, who in 2009 received a ten-year sentence for bilking investors of almost \$100 million through a scam real estate venture called Southwest Exchange, and defense contractor Mitchell Wade, who used a Nevada-registered shell to funnel a bribe to then congressman Randy Cunningham. (The pair were doomed during a lunch when Cunningham diagrammed on his own congressional stationery a fatal list of bribes he'd received from Wade and the corresponding federal contracts he'd steered his way in exchange.)

The secretary of state's website offers a host of reasons for companies to incorporate in Nevada, trumpeting the lack of corporate income tax and the near impossibility of piercing the "corporate veil." Those sorts of rules have helped draw some 300,000 active companies to the state, one for every nine residents, and netted revenues of \$133 million in 2012 alone. So much of that activity is potentially criminal that Deputy Secretary of State Scott Anderson says his office has taken a

number of steps to clamp down on abuses, including a rule that strictly prohibits anyone from creating a Nevada corporation to commit a crime. "Granted, if someone is going to do something illegal," Anderson conceded, "they probably wouldn't disclose it."

One day during my trip I interviewed Cort Christie, head of Nevada Corporate Headquarters, one of the state's most prolific shell-firm incorporators. His company is located in an oversize, sterile office building in an area called Spring Valley. Christie is a former board member of the powerful, politically connected Nevada Registered Agent Association (MF Corporate Services is a member), which "is working to ensure the state's future as America's incorporation center," according to the group's website. It warns that if Nevada's "current tax-advantaged, pro-business environment is lost, the state's reputation... will be lost as well. Once that public trust is damaged, it cannot be easily replaced."

Last year, the NRAA lobbied against a proposal by the secretary of state that would have tightened up rules discouraging corporate secrecy. The bill, which Christie told me "would've curbed the appearance that people can come out here and hide out," was overwhelmingly rejected.

On the morning of November 4, I cruised down S. Casino Center Boulevard through the heart of downtown Las Vegas, past the Golden Nugget and El Cortez (the original mob-owned casino) and the heaviest concentration in America of restaurants offering \$9.99 prime-rib dinners. Then I got on Interstate 15 and headed south to Henderson, a suburb where gigantic malls give way to a seamless blur of stucco and adobe-style tract houses.

MF Corporate Services is situated in the Parc Place Professional Complex, home to several identical, single-story buildings with red-tile roofs. There were only a few cars in the parking lot, and I didn't see anyone outside. A red-and-white metal MF Corporate Services sign, planted into a patch of rocks and cactuses, blew forlornly in the warm breeze.

As far as I could tell from public records and court documents, MF Corporate Services doesn't do any drop-in work—its only purpose seems to be setting up Nevada shells for Mossack Fonseca clients—and the remote setting did nothing to dispel that impression. Amunategui runs day-to-day operations, though internal company documents I found in court records show she works closely with Mossack Fonseca employees in Panama, such as Leticia Montoya, the custodian of record for dozens of shell firms linked to Lázaro Báez.

Montoya has quite a checkered career, having previously registered or served as a nominee director for at least six anonymous companies that were involved in major international corruption scandals. Among those is a Panamanian shell firm called Nicstate, whose beneficial owners turned out to include former Nicaraguan president Arnoldo "Fat Man" Alemán. He used Nicstate and other offshore vehicles to divert nearly \$100 million of state funds into his own pockets. Montoya also helped set up Mirror Development Inc., which Siemens of Germany employed to funnel bribes to Argentine government officials who helped it win a \$1 billion contract to produce national identity cards. This was just one component of a global scheme by Siemens, which also used corporate cutouts to pay off government officials in Bangladesh, Venezuela, and Iraq, where the recipients included Saddam Hussein.

I figured that my best chance to speak to Amunategui would be if I dropped in unexpectedly, so I hadn't called ahead. When I knocked on the glass door of MF Corporate Services, a man holding a clipboard, sitting in a randomly placed blue chair in the office's lobby, waved me in. A white plastic trash bag filled with shredded documents sat just inside the door, and a framed map of the world hung on a wall. There were four clocks above it, showing the time in Las Vegas, Hong Kong, Switzerland, and Panama.

The man on the chair—a locksmith, it turned out—called to Amunategui when I asked to speak with her, and she emerged from a back room. Her face was splashed with freckles, and she wore her long brown hair in a bun. She frowned softly and declined to talk when I told her I was a journalist interested in MF Corporate Services' work for Báez. "Give me your name, and I'll see if our attorney can talk to you," she said while shaking a finger in the negative.

"The attorney for Mossack Fonseca?" I asked.

"No, my company's attorney," she replied, referring to MF Corporate Services. "They're separate."

I stood there for a moment beneath the bright glow of the ceiling lights, desperately trying to figure out a way to keep the conversation going. There was so much I still wanted to know, and Amunategui was the closest I'd come to being able to speak directly with someone actually affiliated with Mossack Fonseca.

I wanted to ask her about specific people who'd been linked to Mossack Fonseca—incorporated shell firms by the US government, court records, international investigators, and my year of research: Billy Rautenbach, an alleged bagman for Robert Mugabe, the longtime ruler of

Zimbabwe, Yulia Tymoshenko, a former Ukrainian prime minister and oligarch nicknamed the "gas princess"; Beny Steinmetz, an Israeli billionaire who'd reportedly used a Mossack Fonseca—incorporated shell firm in the British Virgin Islands to pay a bribe to a wife of the homicidal dictator of Guinea, where Steinmetz was seeking (and subsequently got) a huge mining concession. I even wanted to ask her about Mossack Fonseca's feel-good Facebook page and Twitter feed, which feature pictures of smiling recipients of the firm's charitable contributions and platitudes from the likes of Thomas Edison and Dr. Seuss ("Today you are you! That is truer than true!").

But Amunategui wouldn't say a word after taking down my contact information. She promised she'd pass it on to her lawyer. She didn't even bother to escort me out the door but ducked into her personal office, sat at a desk sprinkled with a few folders and FedEx packages, and picked up the phone. I could hear her talking from the hallway, and though I couldn't make out what she was saying, she was clearly speaking in an agitated manner, presumably with the company's aforementioned lawyer (whom I never heard from).

Amunategui's refusal to answer questions was frustrating, but unsurprising. When you work with Mossack Fonseca there are a lot of dirty secrets to keep, so being tight-lipped is perhaps the most essential part of doing your job.

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TOPICS: *shell companies (/tag/shell+companies), shelf companies (/tag/shelf+companies), money (/tag/money), money laundering (/tag/money+lauding), Panama (/tag/Panama), Syria (/tag/Syria), Rami Makhlouf (/tag/Rami+Makhlouf), Drex Technologies SA (/tag/Drex+Technologies+SA), Jurgen Mossack (/tag/Jurgen+Mossack), Ramón Fonseca (/tag/Ram%C3%B3n+Fonseca), Christoph Zollinger (/tag/Christoph+Zollinger), Mossack Fonseca (/tag/Mossack+Fonseca), Panama City (/tag/Panama+City), banking (/tag/banking), corruption (/tag/corruption), v21n12 (/tag/v21n12), FATCA (/tag/FATCA), Las Vegas (/tag/Las+Vegas), Patricia Amunategui (/tag/Patricia+Amunategui), The Wall Street Issue (/tag/The+Wall+Street+Issue)*

COMMENTS
